Report

Delinquency Levels Show Signs of Stabilizing, But The Financial Gap Continues To Widen For Some Canadians

Q2 2025 | Equifax® Canada Market Pulse
Quarterly Consumer Credit Trends

September 2025

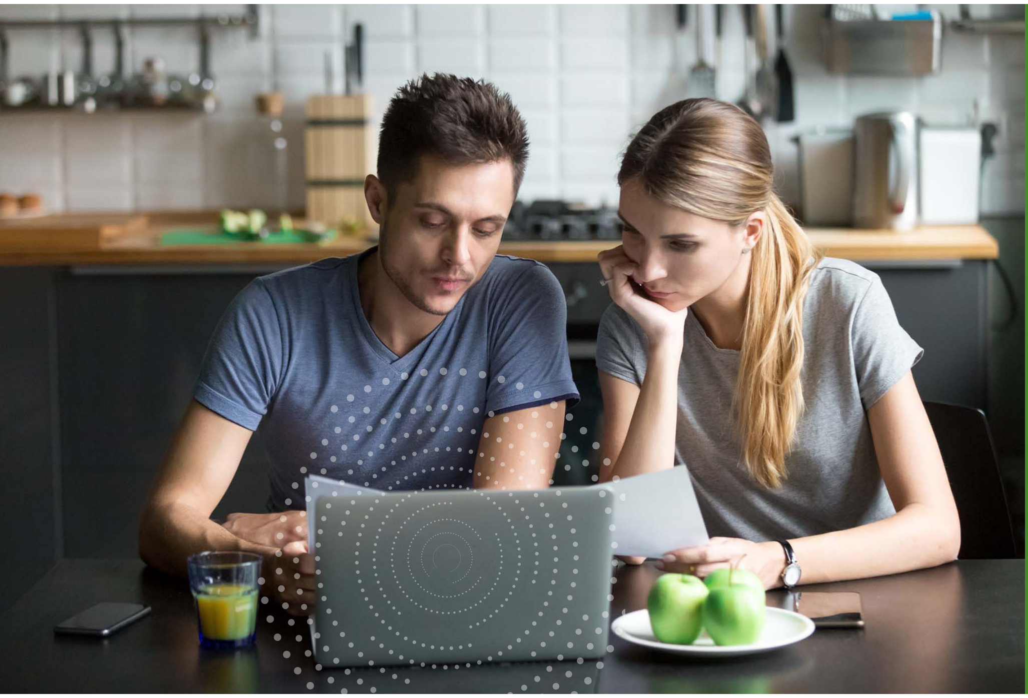
New insights from Equifax® Canada Market Pulse Quarterly Consumer Credit Trends and Insights show early signs of stabilization in consumer credit performance in the second quarter of 2025. The improvements in credit health were more visible for mortgage holders while those with no mortgage, especially younger Canadians, continued to struggle with financial pressures. In Q2 2025, close to 1.4 million Canadians missed a credit payment — 7,000 fewer than last quarter – but still 118,000 more than a year ago.

"While the overall delinquency rate appears to be leveling off, the underlying story is far more complex," said **Rebecca Oakes, Vice President of Advanced Analytics at Equifax Canada**. "We continue to see a growing divide between mortgage and non-mortgage consumers — and continued financial strain among younger Canadians, who are facing a slower job market and rising costs."

The percentage of consumers who missed a credit payment during Q2 was nearly double for non-mortgage holders compared to mortgage holders (1 in 19 vs. 1 in 37). This gap has widened in recent years - shifting from non mortgage holders' missed payment levels being around 45 per cent higher than mortgage holders in 2019 to more than 96 per cent higher in the second quarter of 2025.

Total consumer debt climbed to $2.58 trillion, marking a 3.1 per cent year-over-year increase, while average non-mortgage debt per consumer rose to $22,147, as households continue to feel the pressure of rising costs for vehicles, groceries, mortgages and rent. Consumer spending on credit cards appears to be declining. When adjusted for inflation, the average credit card spend per consumer was over $2,100 in June, a 0.4 per cent decrease from June 2024.

However, spending behaviour is different among various consumer groups. For individuals without a mortgage, spending levels have not dropped, but have instead seen a slight 0.14 per cent increase year-over-year. While non-mortgage holders continued to see higher spend levels than last year, mortgage holders saw a drop in credit card spending. This could suggest that financial pressures are impacting consumer groups differently.



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Rebecca Oakes
Vice-President of Advanced Analytics, Equifax Canada

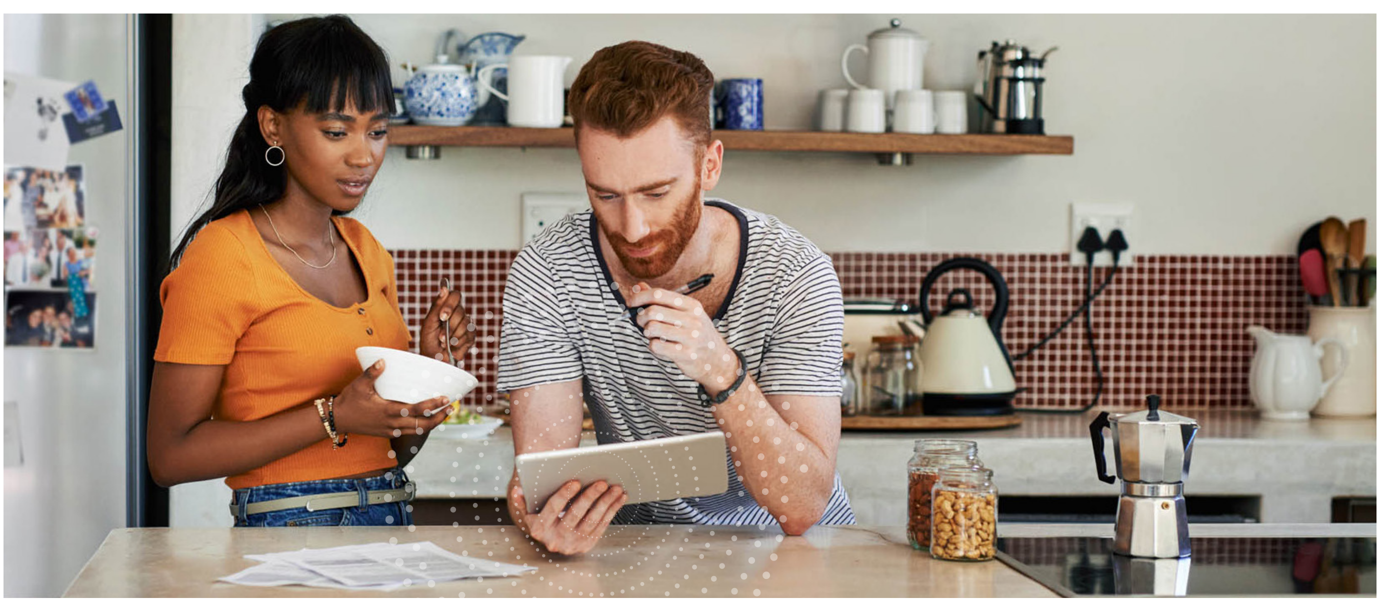
As financial divide grows: Ontario & Alberta stand out with high delinquency levels

Regionally, Ontario continues to see the sharpest increases in missed payments on non-mortgage products, with a 90+ day balance delinquency rate of 1.75 per cent in Q2 2025. This is 15.2 basis points higher than the national average and an increase of 29.8 basis points from Q2 2024. These rises were particularly pronounced in Toronto, GTA and Hamilton regions, which saw increases of 36.8, 39.1 and 30.7 basis points, respectively. These areas are heavily impacted by high cost of living, economic uncertainty, and exposure to the auto and steel sectors.

Alberta also experienced an annual increase in missed payments, with delinquency rates reaching 1.98 per cent in Q2 2025, which is 38.5 basis points above the national average and a 25.5 basis point increase from the previous year. Within Alberta, Edmonton, Fort McMurray, and Calgary all saw rises in delinquency rates (29.4, 37.1, and 26.3 basis points, respectively), each surpassing the provincial average. This trend is likely due to a recent population surge from inter-provincial migration, ongoing economic challenges, and Alberta's high unemployment rate increase in July.

Ontario and British Columbia continue to be the primary drivers of mortgage delinquency rates, which remain elevated despite a slight deceleration in their rate of increase. Conversely, mortgage missed payments in other Canadian regions are still below pre-pandemic levels. As of Q2 2025, Ontario's mortgage 90+ day balance delinquency rate was 0.27 per cent and British Columbia's was 0.19 per cent, reflecting year-over-year increases of 11 and 5 basis points, respectively. The rest of Canada experienced a modest 0.09 basis point year-over-year rise in the mortgage delinquency rate, with levels largely consistent with the previous year.

"There is a difference in the financial stress that mortgage and non-mortgage consumers are experiencing, along with regional differences. In areas like Alberta, the gap between the two groups is much wider, with non-mortgage holders showing greater financial stress than their neighbours with mortgages. Conversely, in regions such as Ontario, both mortgage and non-mortgage consumers are experiencing substantial financial strain," stated Oakes.



Gen Z and Late Millennials are Feeling the Pinch

Consumers under the age of 36 are facing increasing financial difficulties. Their average non-mortgage debt has climbed to $14,304, marking a 2 per cent increase from Q2 2024. This group's 90+ day non-mortgage balance delinquency rate has also risen to 2.35 per cent, representing a 19.7 per cent jump year-over-year and a 1.3 per cent increase from the previous quarter. This demographic is currently reporting some of the highest delinquency levels for both credit cards and auto loans.

In contrast, the rest of the consumer population shows a different trend. Their delinquency rate saw a slight quarter-over-quarter decrease of 0.1per cent from Q1 2025. However, this is set against a larger trend of increased financial pressure, with delinquency rates up by 12.4 per cent year-over-year.

"The affordability crisis seems to be hitting younger consumers the hardest," added Oakes. "Between rising costs, employment uncertainty, and limited access to affordable credit, many are struggling just to stay afloat."

Credit Demand Slows Despite Q2 Seasonality

Despite the typical increase in credit activity during Q2, new credit trades decreased, likely due to slower population growth and more cautious behavior from both consumers and lenders. New credit card originations fell 4.5 per cent year-over-year. The only growth was among super-prime consumers (those with a credit score of 750 or higher), suggesting tighter lending criteria.

The mortgage market remains heavily influenced by renewals, with new originations rising 15.3 per cent year-over-year. This growth is largely a result of homeowners renewing or refinancing pandemic-era, low-rate mortgages, a trend that has surged by 27 per cent compared to the previous year.

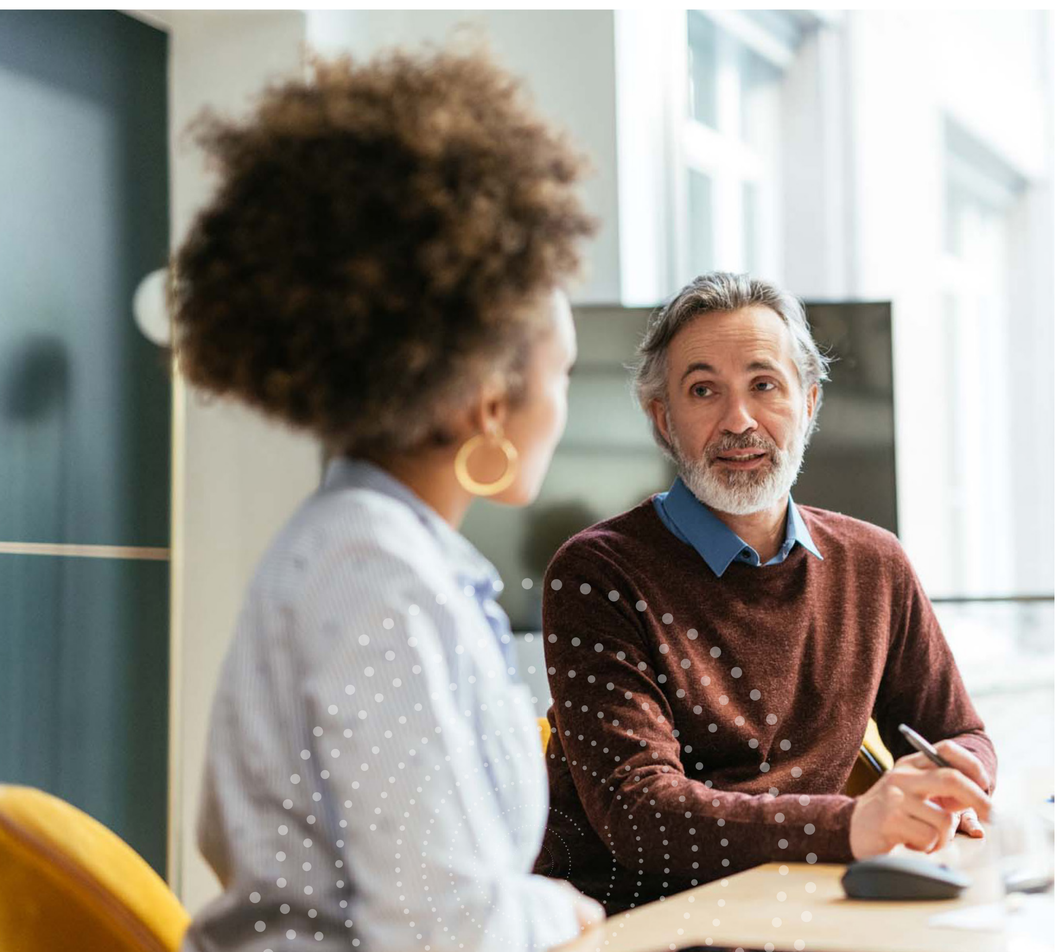
While overall first-time homebuyer activity increased by 1.8 per cent year-over-year, this growth was not uniform across the country. In major markets such as Ontario, British Columbia, and Alberta, the number of first-time buyers was lower than in 2024. This suggests a combination of a slow market and underlying financial strain for many consumers. Additionally, loan sizes are once again on the rise, further intensifying affordability pressures for borrowers. Average loan amount for first time home buyers was up 4 per cent from Q2 2024 and now sits close to $430K.

Auto Loans Under Pressure as Prices Rise and Lending Tightens

Auto loan originations in Q2 2025 went up by 2.9% year over year, largely limited to low-risk consumers, as lenders continue to tighten approval criteria standards. Nearly one in five applications (21 per cent) underwent multiple rounds of review — a sharp rise from just 10.5 per cent pre-pandemic.

At the same time, the average loan amount of new auto loans climbed to $35,586, up $1,567 year-over-year, reflecting a renewed rise in vehicle prices due to uncertainty in the market.

“Delinquency rates may be plateauing, but we’re not out of the woods yet,” concluded Oakes. “High vehicle costs, food inflation, and regional economic pressures — especially in Ontario and Alberta — continue to weigh on Canadian households. As younger consumers struggle with job market challenges and rising debt, we expect credit performance to remain a key issue for younger consumers well into the second half of the year.”



Age Group Analysis

Debt & Delinquency Rates (excluding mortgages)

Age	Average Debt (Q2 2025)	Average Debt Change Year-over-Year (Q2 2025 vs. Q2 2024)	Delinquency Rate ($) (Q2 2025)	Delinquency Rate ($) Change Year-over-Year (Q2 2025 vs. Q2 2024)
18-25	$8,445	4.62%	2.21%	18.71%
26-35	$17,513	0.76%	2.39%	20.01%
36-45	$27,105	1.01%	1.92%	17.33%
46-55	$34,749	2.11%	1.39%	15.23%
56-65	$29,349	4.62%	1.13%	8.98%
65+	$14,934	3.47%	1.11%	1.56%
Canada	**$22,147**	**2.30%**	**1.60%**	**14.31%**

Major City Analysis

Debt & Delinquency Rates (excluding mortgages)

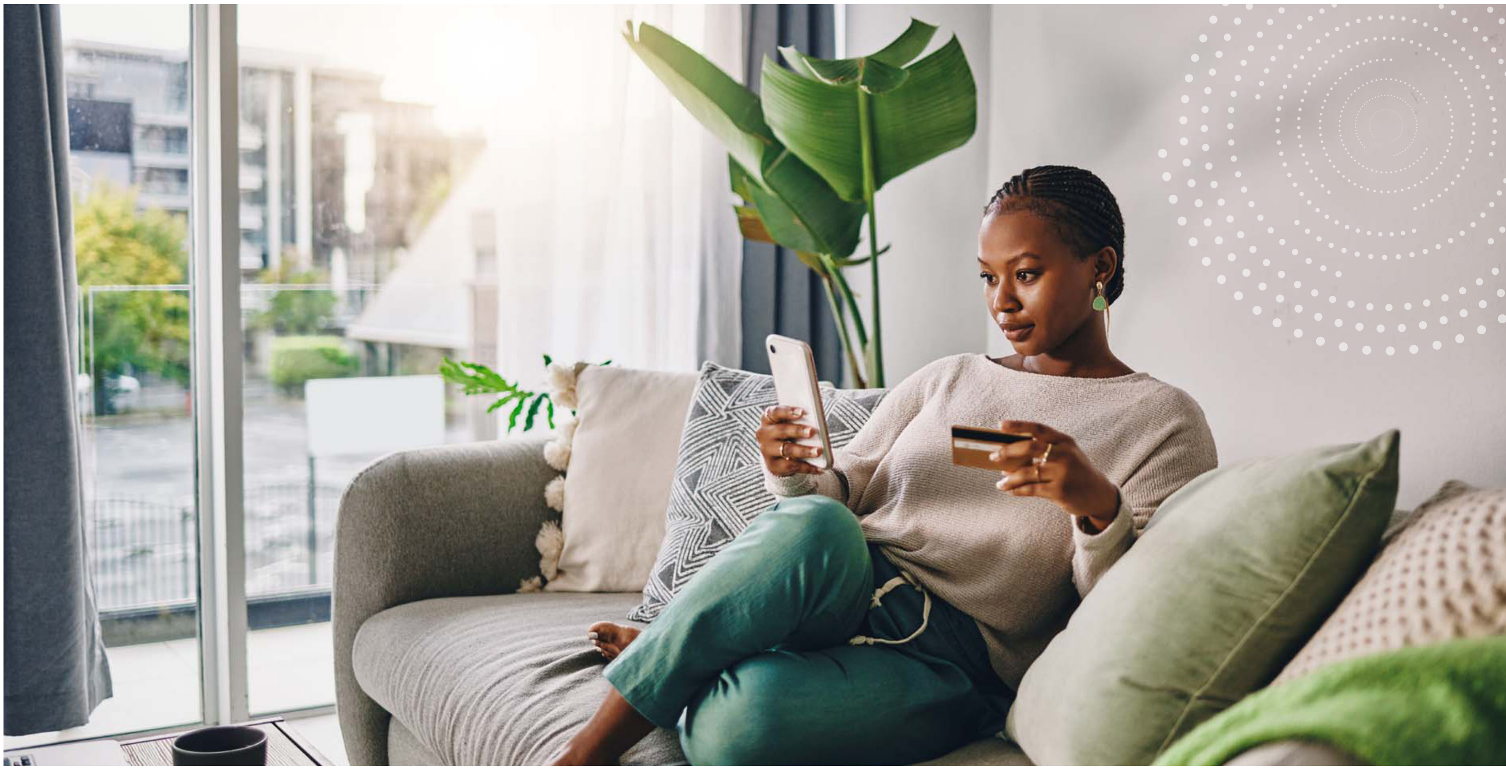
City	Average Debt (Q2 2025)	Average Debt Change Year-over-Year (Q2 2025 vs. Q2 2024)	Delinquency Rate ($) (Q2 2025)	Delinquency Rate ($) Change Year-over-Year (Q2 2025 vs. Q2 2024)
Calgary	$24,254	1.14%	1.76%	17.57%
Edmonton	$23,784	0.20%	2.27%	14.91%
Halifax	$21,546	1.97%	1.96%	14.29%
Montreal	$17,229	2.88%	1.51%	11.47%
Ottawa	$19,768	0.87%	1.49%	15.59%
Toronto	$21,350	3.08%	2.20%	20.08%
Vancouver	$23,618	3.51%	1.30%	11.95%
St. John’s	$24,353	1.78%	1.50%	3.80%
Fort McMurray	$37,609	0.75%	2.59%	16.69%

Province Analysis

Debt & Delinquency Rates (excluding mortgages)

Province	Average Debt (Q2 2025)	Average Debt Change Year-over-Year (Q2 2025 vs. Q2 2024)	Delinquency Rate ($) (Q2 2025)	Delinquency Rate ($) Change Year-over-Year (Q2 2025 vs. Q2 2024)
Ontario	$22,802	2.38%	1.75%	20.52%
Quebec	$19,311	2.41%	1.10%	6.81%
Nova Scotia	$21,581	2.32%	1.65%	4.98%
New Brunswick	$21,896	2.86%	1.76%	10.63%
PEI	$24,083	3.57%	1.19%	9.28%
Newfoundland	$25,174	3.32%	1.59%	5.82%
Eastern Region	$22,569	2.79%	1.64%	7.19%
Alberta	$24,659	0.78%	1.98%	14.77%
Manitoba	$18,487	3.48%	1.71%	3.81%
Saskatchewan	$23,478	1.34%	1.75%	5.69%
British Columbia	$22,923	2.83%	1.40%	10.47%
Western Region	$23,162	1.98%	1.68%	11.33%
Canada	**$22,147**	**2.30%**	**1.60%**	**14.31%**

* Based on Equifax data for Q2 2025



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